

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION V



DATE JAN 27 1981
SUBJECT Reilly Tar - I) Negotiation Strategy
II) Intra-agency Coordination of Superfund

FROM: ~~Not~~ Melanie Toepfer, Physical Scientist
Engineering Section

Robert Leininger, Attorney
Legal Section

TO: Addressees

I. Thomas Berg, U.S. Attorney for Minnesota has received the most recent offer of settlement from the company. He was advised verbally by their counsel that Reilly would pay the sum of one million dollars in return for a settlement and release of liability.

The FIT contractor has a TDD to provide an estimate for total cleanup of the site. The estimate will be completed this week and we have been advised that it is in the \$100 million dollar range. That figure would almost surely bankrupt Reilly.

We met with the Task Force on January 22, 1981, and agreed that Berg should advise the company that:

1. Reilly's offer is much too low;
2. our estimate for the total cleanup is probably more than Reilly can afford;
3. we are having an economist come up with a cleanup figure that would be equitable for Reilly to pay, and;
4. any payment made in terms of settlement must be in terms of actual cleanup efforts which Reilly would be required to perform, rather than a cash payment.

Frank Biros has come up with our economist, who is Julie Parzen from the Financial Analysis Section in headquarters. She hasn't told him yet how long it would take.

II. Another issue is coordination with the Superfund Office. Jack Braun, Reilly Superfund designee, and Rich Bartelt called a meeting in Minneapolis, Minnesota for today, January 27, 1981. The subject of this meeting is use of Superfund monies to escalate contract outputs from investigations of the site. All of the cooperators -- Regional, state and local -- to the various research studies had been invited to this meeting. Enforcement representatives were not invited. Enforcement is also contracting some of this work and should have been represented at this meeting. We were informed of this meeting by a call from MINAG. Steve Shakman.

Bob & Melanie,

This is absolutely outrageous!
What about the meeting we were going to try to organize with Berg to discuss the \$1 mill. offer?

Fane

006333

On January 22, 1981, Melanie had a lengthy conversation with Jack Braun to introduce him to the technical issues, the various agency personnel involved, and the members of the Hazardous Waste Task Force involved. Melanie further explained the need for communication between our offices because there are so many people working on this case.

Rich Bartelt apologized today for not calling Enforcement on Friday to invite us to this meeting. It is difficult to believe that a meeting was coordinated between representatives of six agencies, approx. 25 people, within two days and there was insufficient time to inform Enforcement personnel.

We would like to bring your attention to this potential problem.

Addressees:

Muno
Miner
Sculteis
Grimes
Fenner
Bryson
Gardebring

006334